

How will I pay for college? What kinds of
loans can I get? How much should I borrow?

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It's for you.

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Information, Please.

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The 411 on student loans

You're thinking about college, or you're thinking about graduating from college. So student loans — and how to pay them back — are probably on your mind.

If you borrow money to go to college, you have to pay it back. That's **101**, if you're into numbers. But if you go to college, you make more money. You do the math.

Here you'll find everything you want to know about student loans and paying them back. So read ahead and then **1701** (live long and prosper). If you find something you can use, then **1040** (you can owe us big time).

itsmoneybaby.com

The more you learn, the more you earn. **itsmoneybaby.com** has tips on how to apply for a student loan and paying back a student loan. **itsmoneybaby.com** was created by KHEAA, the Kentucky Higher Education Assistance Authority. They help make higher education more affordable for students.

Remember this...

A college education increases your earning potential and opens doors of opportunity. But keep in mind that when you take out a student loan, you're borrowing against your future earnings. Borrowing responsibly can improve your quality of life in the future.

The Federal Stafford and Federal PLUS programs provide low-interest loans to students and their parents for college. Taking out a loan is a huge responsibility. Don't take it lightly. The money you borrow must be paid back to the lender over a period of time.

13-30 (I'm having a bad day and it's getting old.)

You could be disqualified if you don't answer all the questions on the FAFSA or if you miss the deadline. Then you'll really be having a bad day.

So, you want to be on your own?

For many people, a student loan is a good introduction to the responsibilities of borrowing. Repaying your student loans on time helps you establish a good credit history. Whether you're just beginning school or you're graduating and preparing to repay your student loans, knowing the facts and figures about your loans is very important.

You don't have to memorize every detail you'll read and hear about your loans, but you should keep a file of your loan documents so that you can find the information later. This file should include copies of:

- All promissory notes you sign
- All deferment or forbearance forms you complete and send to your lender/servicer
- All correspondence you send to or receive from your school, lender/servicer or guarantor regarding your loans

I have options, don't I?

Before you borrow, be sure to check into other types of financial aid. There are federal, state, school and private financial aid resources which may reduce the amount of money you need to borrow. To apply for federal and most state financial aid programs, you need to fill out the Free Application for Federal Student Aid (FAFSA) each year (available online at www.fafsa.ed.gov). Your school may require an additional application for its grants and scholarships—check with your financial aid office.

You may also be able to work part-time to reduce the amount of money you have to borrow (and pay back later). Check with your financial aid office to see if you qualify for the Federal Work-Study program. If not, there may be other on- or off-campus jobs you can get to help you pay your educational costs.

You can find out about scholarships from sources other than your school by checking out itsmoneybaby.com or www.finaid.org. These Web sites will link you to personalized scholarship searches using various free scholarship search services. Your high school guidance counselor, your college financial aid office and your local library also have information about scholarships.

Federal Stafford Loans

What are they, and why do I want one?

There are two types of Federal Stafford Loans:

- The subsidized Stafford Loan (need-based)
- The unsubsidized Stafford Loan (not based on need)

To be eligible for a subsidized Stafford Loan, you must have financial need. If you have no financial need (or if your subsidized Stafford Loan does not fully meet your financial need), you may be eligible for an unsubsidized Stafford Loan. Your school's financial aid office can tell you if you're eligible for a subsidized Stafford Loan, unsubsidized Stafford Loan, or both.

The important difference between the subsidized Stafford Loan and the unsubsidized Stafford Loan is that the federal government pays the interest on the subsidized Stafford Loan while you're in school, during your grace period, and during any periods of deferment. You're responsible for paying the interest that accrues on your unsubsidized Stafford Loan. You may choose to pay the interest on a quarterly basis while you're in school or in your grace period, or you may allow it to be capitalized (added to the principal) during this time.

What is an MPN?

The MPN (Master Promissory Note) is a contract between the lender and you, the student. The MPN includes your promise to repay your loans, discloses the terms of your loans and describes your rights and responsibilities as a Federal Stafford Loan borrower. You must sign the MPN to get a Stafford Loan. The MPN is designed to simplify the loan process by allowing you to borrow multiple times without completing a new promissory note each time you borrow.

Is the MPN a loan application?

No, the MPN is a binding, legal document in which you promise to repay your loans. Every year you must reapply for loans by completing a FAFSA, along with any additional paper or electronic financial aid application required by your school.

Sign it online!

You can now electronically sign your MPN online at www.kheaa.com. You will need your Department of Education PIN for authentication of your signature. Use the same PIN you used to complete your FAFSA online or register for a PIN at www.fafsa.ed.gov.

Will I have to complete an MPN every year?

It depends. Your school may use the MPN as either an annual or serial (multi-year) promissory note. You will have to sign a new MPN every year if your school uses the MPN as an annual note. If your school uses the MPN as a serial note, you will not need to complete a new note unless you revoke your MPN, change your lender or transfer to a school that requires a new note.

The dating pool is better elsewhere. What if I switch schools?

Contact the financial aid office to see if you need to sign a new MPN. You should also contact your lender to defer payments on your existing student loans.

What else should I know?

- The MPN will be canceled if you don't receive your first disbursement 12 months after you signed your note; if you still want a loan after 12 months, you must sign a new MPN
- Your MPN is good for up to 10 years, which means that you may continue to add loans to your MPN for a period of 10 years
- You may revoke your MPN at any time through a written request to the lender; however, loans previously disbursed remain obligations that you must repay

What fees do I pay?

Your Federal Stafford Loan has a variable interest rate, which will not go above 8.25%. The interest rate is adjusted each July 1st, so you may see slight changes from year to year. You'll be notified each year of the new interest rate. When you get your Federal Stafford Loan money, you may notice that it's less than the amount you borrowed. This is because loan fees are deducted before you get your money. These fees help to offset the administrative costs of the loan programs. You'll pay up to a 3% origination fee and up to a 1% insurance premium. In some cases, your fees may be less. Ask your lender if they offer any discounts or incentives.

Enough, already. How much can I have?

You may borrow each year according to your current grade level. The table below shows annual loan limits for each year in school as well as the additional unsubsidized Stafford Loan amounts available to independent students.

If you're dependent, your parents may be able to borrow a PLUS (Parent Loan for Undergraduate Students) Loan on your behalf. You're considered independent if you aren't required to provide your parents' income and asset information on the FAFSA.

2468 (You're terrific!)

Is your transcript looking good? The higher your high school GPA, the higher your chances of getting a scholarship. Many require a GPA of 2.5 or above.

Annual Loan Limits			
Grade Level	Dependent Students	Independent Students	
	Federal Stafford (subsidized and unsubsidized combined)	Subsidized Stafford	Federal Stafford (subsidized and unsubsidized combined)
1st-year undergraduate	\$2,625	\$2,625	\$6,625
2nd-year undergraduate	\$3,500	\$3,500	\$7,500
3rd- and 4th-year undergraduate	\$5,500	\$5,500	\$10,500
Graduate or professional student	\$8,500	\$8,500	\$18,500

The payment plan

Study now, pay later.

When you graduate or are no longer enrolled at least half-time, you'll have six months before you have to make your first loan payment. You can use this time to find a job, get settled and get ready to repay your Stafford Loans. Your lender/servicer will contact you during this time to let you know the date your first payment is due.

The table below shows the maximum you can borrow throughout your college career. Remember—these are loan limits. You should borrow the minimum amount possible to keep your payments and total interest lower.

What are my repayment options?

When it's time to repay your Stafford Loan, you'll have some options. You can choose from the following repayment plans:

- **Standard Repayment** — monthly payments of at least \$50 with a maximum of 10 years to repay
- **Graduated Repayment** — monthly payments that gradually increase during your repayment period
- **Income-Sensitive Repayment** — monthly payments based on the amount of money you earn
- **Extended Repayment** — available to new borrowers on or after October 7, 1998, with debts in excess of \$30,000. Payments are fixed annual or graduated amounts repaid over a period not to exceed 25 years

You may also choose to prepay your loan at any time without penalty.

Cash in on a consolidation loan.

If your loans are held by several different lenders/servicers and you want to avoid multiple payments, you may want to consider loan consolidation. Consolidation can lower your monthly payments by lengthening the time it takes to pay off your loan. However, lengthening your repayment period will increase the amount of interest you pay over the life of your loan. If your loan is subsidized, you will probably want to wait until the end of your grace period to consolidate since interest is being paid for you during this time.

You can consolidate your Stafford, Perkins and Health Professions Student Loans into one loan and make one monthly payment.

Cumulative Loan Limits		
Undergraduate Program		Graduate/Professional Program
Dependent Student	Independent Student	
\$23,000	\$46,000*	\$138,500**

* A maximum of \$23,000 in subsidized Stafford Loans

** A maximum of \$65,500 in subsidized Stafford Loans

How much can I borrow?

Because student loans must be repaid, it's important to remember to borrow only what you need to meet your educational expenses. Keep in mind that you're borrowing against your future salary, and you should borrow reasonably in relation to what you expect to earn upon your graduation. It is recommended that you limit your borrowing so that your monthly payment is no more than 10-15% of your monthly gross salary. Check with the career services or placement office at your school to get an idea of what your expected salary may be based on your major or program of study and the year you'll graduate.

9-5 (It's quitting time!)

You learned a lot, and you got a job. Now learn to be a good employee. Show up on time, work late if you have to, put in a full day's work and go the extra mile. Whew.

Budget is not a four-letter word.

You may have trouble figuring out just how much you need to borrow. A budget is a great tool to help you get a clear picture of what your income and expenses are, not only while you're in school but also after you graduate. While you're in school, your financial situation and responsibilities may be much different than they are after you graduate. Your income will probably be lower, and your expenses will most likely be primarily related to your education. After you graduate, your expenses will include housing, transportation, utilities, clothing and food. Read the Take Control of Your Finances brochure for more help on budgeting.

The tables here will help you determine how much student loan debt you can manage based on your expected salary, monthly payment amount and interest rates.

Expected Salary	Maximum Manageable Monthly Payment	Maximum Manageable Education Debt
\$15,000	\$125.00	\$10,191.38
\$17,500	\$145.83	\$11,889.95
\$20,000	\$166.67	\$13,588.51
\$22,500	\$187.50	\$15,287.08
\$25,000	\$208.33	\$16,985.64
\$27,500	\$229.17	\$18,684.20
\$30,000	\$250.00	\$20,382.77
\$32,500	\$270.83	\$22,081.33
\$35,000	\$291.67	\$23,779.90
\$37,500	\$312.50	\$25,478.46
\$40,000	\$333.33	\$27,177.02

Based on an interest rate of 8.25% and an educational debt-to-income ratio of 10%.

How much do I pay?

10-2-1 (It's possible)

Look for financial aid you don't have to pay back before taking out a loan. These include scholarships, grants and work-study programs.

Monthly payments and interest

As you borrow throughout your college career, keep in mind what your monthly payment will be when you graduate or leave school. Your payment will be at least \$50 a month for each lender if you choose the Standard Repayment Plan. Borrowing only what you need for school and borrowing from only one lender can reduce the amount you have to pay each month and can even make your repayment period shorter.

For current account information, go to itsmoneybaby.com. Although student loans have a lower interest rate than most loans, you will obviously still pay some interest over the life of your loan. This table shows estimates of monthly payments and interest at various interest rates. To calculate your payments at the current interest rate, go to itsmoneybaby.com or www.mapping-your-future.org/features/loancalc.htm. Find out from your financial aid office about the average indebtedness of students who graduate from your school.

6.5% Interest				7.5% Interest			8.25% Interest		
Amount Borrowed	Monthly Payment Amount	Total Interest	Number of Payments	Monthly Payment Amount	Total Interest	Number of Payments	Monthly Payment Amount	Total Interest	Number of Payments
\$2,500	\$50	\$423	59	\$50	\$507	61	\$50	\$574	62
\$5,000	\$57	\$1,813	120	\$59	\$2,122	120	\$61	\$2,359	120
\$7,500	\$85	\$2,719	120	\$89	\$3,183	120	\$92	\$3,539	120
\$10,000	\$114	\$3,626	120	\$119	\$4,244	120	\$123	\$4,718	120
\$15,000	\$170	\$5,439	120	\$178	\$6,366	120	\$184	\$7,077	120
\$20,000	\$227	\$7,251	120	\$237	\$8,489	120	\$245	\$9,436	120
\$30,000	\$341	\$10,877	120	\$356	\$12,732	120	\$368	\$14,155	120
\$40,000	\$454	\$14,503	120	\$475	\$16,977	120	\$491	\$18,873	120

Payment and interest amounts are estimated based on a 10-year repayment period.

Responsibility (yikes)

The dreaded “R” word

Borrowing requires a great deal of responsibility. When you sign a promissory note, you’re agreeing to repay the loan according to the terms of the note. The promissory note is a binding legal document and states that, except in cases of discharge, you must repay the loan even if you:

- Don’t complete your education
- Aren’t able to get a job after you complete your program of study
- Are dissatisfied with, or don’t receive, the education you paid for

You think your mother wants you to call...

Your lender wants to hear from you, too. The most important thing to remember is that your loan is your responsibility. You agree to do several things when you sign your promissory note. You agree to pay the loan on time, with interest, until the loan is paid in full. You’re required by your promissory note to let your lender/servicer know if:

- Your address or telephone number changes
- You leave school or attend less than half-time for any period of time
- You change schools
- Your planned graduation date changes

Providing this information can prevent your loan from going into default unnecessarily. If your lender/servicer thinks you should be in repayment and doesn’t know how to contact you, your loan will default and prevent you from getting student financial aid in the future.

Just the facts, man/ma’am

- You must make payments on your loan even if you don’t receive a bill or repayment notice. Billing statements or coupon books are sent to you as a convenience, but you’re obligated to make payments even if you don’t receive any notice.
- If you apply for a deferment or forbearance, you must continue to make payments until you’re notified that the request has been granted. Deferment forms are available for download at itsmoneybaby.com. You should keep a copy of any request form you submit, and you should document all contacts you have with the holder of your loan.

6734 (HELP)

Affording Higher Education lists 2,700 sources of financial aid. Find a copy at the library or at kheaa.com.

More responsibility (yikes)

If I ask nicely, can my payments be postponed?

If you are temporarily unable to make your payments, it is important that you contact your lender/servicer immediately. There are deferment and forbearance options available to you under certain circumstances that may enable you to postpone or reduce your payments for a period of time. Your lender/servicer will provide you with the complete eligibility criteria. It's very important that you continue to make payments on your loan until you're notified by your lender/servicer that your deferment or forbearance has been officially approved.

111111 (Congrats!)

You got a credit card. But if you make only the minimum payment each month, you may NEVER pay off what you owe. Or be able to afford a car, a vacation, a house, etc.

Did you say *Deferment*?

You may request a deferment from your lender/servicer if:

- You're enrolled at an eligible school as at least a half-time student
- You're seeking and unable to find full-time employment
- Your lender/servicer determines that you're suffering an economic hardship
- You're studying in an approved graduate fellowship program
- You're studying in an approved rehabilitation training program for the disabled

If you borrowed your first student loan before July 1, 1993, other deferment options may be available to you. See the Deferment Eligibility Chart on the back page or contact your lender/servicer or itsmoneybaby.com for more information.

Did you say *Forbearance*?

If you're not eligible for a deferment and you're having trouble repaying your loan, you should ask your lender/servicer about a forbearance. A forbearance can postpone your payments, extend the time allowed for making payments or allow you to temporarily make smaller payments. A forbearance is granted at the discretion of your lender/servicer and usually requires a written agreement. To qualify for a forbearance, you must be willing but financially unable to make the required payments on your loan.

Some examples of reasons your lender/servicer might grant a forbearance include:

- You're experiencing a financial hardship
- Your monthly student loan payments are greater than 20% of your total monthly income
- You're studying in a medical or dental internship or residency
- Your community is determined to be a state or federal disaster area
- You're affected by a national military mobilization such as Operation Enduring Freedom

I don't want to sleep with the fishes. But what if I don't repay?

If you don't repay your loan on time or according to the terms in your promissory note, you may go into default. If you default, you may face these consequences:

- The entire unpaid balance becomes immediately due and payable
- You'll lose your rights to deferment, forbearance and repayment options
- You'll lose eligibility for other student aid and assistance under most federal benefit programs
- Collection charges of up to 25% will be added to the amount due, and your loans will be assigned to various collection agencies until you make full payment
- Your state and federal tax refunds may be withheld
- Your wages may be garnished
- You may lose your professional license, which can result in the loss of your job
- A lien may be placed on any property you own
- You'll have a negative credit report for at least seven years, which can make it very difficult for you to buy a car or a home in the future
- You may be sued

You have the right to...

You have certain rights as a borrower. You have the right to be informed about your student loans. You'll receive details about your loan amount and interest rate from your school and lender/servicer.

If your loan is sold to another lender, you'll be notified if the sale results in your making payments to a new lender/servicer. You'll be given the identity of the new lender/servicer holding your loan, the address to which you must make payments and the telephone numbers of both the old and new lender/servicer.

You are generally obligated to repay your student loan. There are a few situations in which your loan may be fully or partially discharged and your repayment obligation fully or partially canceled. These are: total and permanent disability, bankruptcy discharge, death, school closure, school falsely certified or completed a loan application in your name, and school failed to pay a refund on your behalf. There are also teacher loan forgiveness and child care provider forgiveness programs.

For detailed information on your FFELP loans, deferment, forbearance, forgiveness, discharge and applicable forms, go to itsmoneybaby.com.

007 (I've got a secret.)

Some student loan lenders will give you a discount if you make your payments automatically through EFT (electronic fund transfers).

2001 (Feeling spacey?)

Forget how many student loans you have? Or wondering how much you owe? Get the status of your student loans at NSLDS.ED.GOV or 1.800.4FED.AID.

Who can I talk to?

Keep in touch, y'hear?

Remember to:

- Stay in touch with your lender
- Keep a file containing all your loan paperwork and information
- Take charge of your student loans—they're your responsibility

Where is the Complaint Desk?

If in repayment you develop student loan problems, you should first contact your lender, your servicer or KHEAA. Customer service representatives will work with you to try to resolve your problem or complaint.

Contact them at:

KHEAA Ombudsman

Phone

(800) 928-8926

Internet

www.kheaa.com

E-mail

ombudsman@kheaa.com

Mail

Ombudsman
Kentucky Higher Education
Assistance Authority
P.O. Box 798
Frankfort, KY 40602-0798

If your problem or complaint is not resolved to your satisfaction, you may contact the U.S. Department of Education Student Loan Ombudsman Office by phone, the Web or mail at:

Student Loan Ombudsman

Phone

(877) 557-2575

Internet

<http://sfahelp.ed.gov> or
<http://ombudsman.ed.gov>

Mail

Office of the Ombudsman
U.S. Department of Education
400 Maryland Ave. SW
Washington, D.C. 20202

Borrow wisely for your education today and it will pay off in the future.

Can I get a deferment?

Deferment Eligibility Chart for the Federal Family Education Loan Program (FFELP)

Form Type	Deferment Type	Time Limit	Stafford and SLS Loans			PLUS Loans			Consolidation Loans	
			Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Pre 7/1/87 Borrower	New ¹ Borrower 7/1/87 to 6/30/93	New ² Borrower 7/1/93	Borrower Consolidates Before 7/1/93	New ² Borrower 7/1/93
SCH or NEW EDU	In-school: Full-time	None	●	●	●	● ³	● ³	● ⁴	●	●
	In-school: Half-time	None		●	●		● ³	● ⁴	●	●
EDU or NEW EDU	Graduate Fellowship	None	●	●	●	● ⁴	● ⁴	● ⁴	●	●
	Rehabilitation Training	None	●	●	●	● ³	● ³	● ⁴	●	●
PUB	Military or Public Health Services ⁵	3 Years	●	●						
	National Oceanic and Atmospheric Administration Corps ⁵	3 Years		●						
	Peace Corps, ACTION Programs, and Tax-exempt Organization Volunteer	3 Years	●	●						
EDU	Teacher Shortage	3 Years		●						
	Internship/Residency Training	2 Years	●	●						
DIS	Temporary Total Disability ⁶	3 Years	●	●		●	●		●	
UNEM	Unemployment	2 Years	●	●		●	●		●	
	Unemployment	3 Years			●			●		●
FAM	Parental Leave ⁷	6 Months	●	●						
	Mother Entering/ Reentering Work Force	1 Year		●						
NEW HRD	Economic Hardship	3 Years			●			●		●

1 New Borrower 7/1/87 to 6/30/93: A borrower who, on the date the borrower signed the promissory note, has no outstanding balance on (1) a Federal Stafford, SLS, or PLUS Loan first disbursed before 7/1/87 for a period of enrollment beginning before 7/1/87 or (2) a Federal Consolidation Loan that repaid a loan first disbursed before 7/1/87.

2 New Borrower 7/1/93: A borrower who received a FFELP Loan with a first disbursement on or after 7/1/93. The borrower has no outstanding principal or interest balance on a FFELP Loan as of 7/1/93 or on the date the borrower obtains a loan on or after 7/1/93. This includes a borrower who obtains a Federal Consolidation Loan on or after 7/1/93, if the borrower has no other outstanding FFELP Loan when the Federal Consolidation Loan was made.

3 Periods during which the parent borrower meets the deferment eligibility requirements or a dependent student for whom the parent obtained a Federal PLUS Loan meets the deferment eligibility requirements.

4 Periods during which the parent borrower meets the deferment eligibility requirements.

5 Borrowers are eligible for a combined maximum of three years of deferment for service in NOAA, PHS, and Armed Forces.

6 A deferment may be granted during periods when the borrower is temporarily totally disabled or during which the borrower is unable to secure employment because the borrower is caring for a dependent (including the borrower's spouse) who is temporarily totally disabled.

7 A parental leave deferment may be granted to a borrower in periods of no more than six months each time the borrower qualifies.

Glossary

Default

Failure to make payment as agreed to the lender for at least 270 days. By defaulting, a borrower forfeits the rights to make monthly payments, defer those payments and receive additional federal student financial aid. Eligibility for state financial aid programs may also be affected.

Deferment

A postponement of monthly payments for a period of time if the borrower meets certain conditions. While a subsidized Stafford Loan is in deferment, interest is paid for the borrower by the federal government.

Disbursement

The transfer of loan proceeds by a lender to the borrower. The transfer is usually made through the school.

Expected Family Contribution (EFC)

The amount a student and student's family can be expected to contribute toward college expenses during the year. It is calculated from information reported on the FAFSA.

Extended Repayment

Extended repayment is available to new borrowers on or after October 7, 1998, with debts in excess of \$30,000. Payments are fixed annual or graduated amounts repaid over a period not to exceed 25 years. The actual repayment term is based on the outstanding debt amount.

Federal Consolidation Loan

A federal program that lets borrowers consolidate eligible student loans so they only have to make one payment to one lender.

Federal Family Education Loan Program (FFELP)

A federal program that provides low-interest loans to help students pay higher education expenses. FFELP is composed of the Federal Stafford Loan, Federal PLUS Loan and Federal Consolidation Loan. Loans are made by lending institutions and insured by guaranty agencies such as the Kentucky Higher Education Assistance Authority (KHEAA).

Federal PLUS Loan

An education loan available to the parents of dependent undergraduate students. The interest rate is variable and will not go above 9%, and repayment begins within 60 days.

Federal Stafford Loan

A loan available for students to use to help pay education expenses. The interest rate is variable and will not go above 8.25%. Based on your financial need, it can be subsidized or unsubsidized by the federal government.

Financial Need

Determined by subtracting a student's expected family contribution (EFC) and any financial aid from the school's cost of attendance. Any remaining amount is the student's financial need.

Forbearance

A postponement or reduction of monthly loan payments due to a borrower's financial hardship. A forbearance must be approved by the lender/servicer. Interest continues to accrue during a forbearance.

Free Application for Federal Student Aid (FAFSA)

This application must be filled out each year to apply for most federal and state financial aid programs.

Grace Period

The six-month period of time after the borrower graduates or leaves school. Repayment of Stafford Loans begins at the end of the grace period.

Graduated Repayment Plan

A student loan payment plan that allows borrowers to start out with small monthly payments that increase gradually throughout repayment.

Guarantor/Guaranty Agency

A state agency, such as the Kentucky Higher Education Assistance Authority (KHEAA), or private nonprofit organization that insures student loans.

Income-Sensitive Repayment Plan

A student loan payment plan that bases the monthly payment amount on the borrower's income.

Insurance Premium

A fee of up to 1% deducted from the loan before disbursement to help pay the cost of insuring the loan.

Lender

The bank or financial institution that provides funds for student loans. Most major lending institutions make student loans.

Master Promissory Note (MPN)

The MPN is a contract between the lender and you, the student. The MPN includes your promise to repay your loans, discloses the terms of your loans, describes the terms of your loans and describes your rights and responsibilities as a Federal Stafford Loan borrower. A single MPN can cover up to ten years of borrowing for your education.

Ombudsman

A government official appointed to receive and investigate complaints made by individuals and help achieve equitable settlements.

Origination Fee

A fee of up to 3% deducted from the loan before disbursement to help pay the cost of processing the loan prior to disbursement of your loan funds.

Promissory Note

The legal document signed by the borrower before receiving loan funds. The promissory note is a promise to repay the loan.

Repayment

The time period and conditions specified in the promissory note for paying back your loan.

Servicer

An organization designated by the lender to do the paperwork associated with student loans, including receiving and processing payments.

Standard Repayment Plan

A student loan payment plan which involves monthly payments of at least \$50 and a maximum of 10 years to repay.

Student Loan

Student financial assistance that must be paid back with interest.

Subsidized Stafford Loan

A need-based student loan. The federal government pays the interest while the borrower is in school, during the grace period and during deferment.

Unsubsidized Stafford Loan

A student loan not based on the student's financial need. The borrower is responsible for all interest that accrues.

121 (We need to talk)

Monthly payments on your debt (car payments, credit cards and loans) should amount to no more than 20% of your income.

Kentucky Higher Education Assistance Authority
P.O. Box 798
Frankfort, KY 40602-0798
Toll-free: (800) 928-8926
Fax: (502) 696-7305
www.kheaa.com

Alabama Student Loan Program — KHEAA
100 North Union Street, Suite 308
Montgomery, AL 36104
Toll-free (800) 721-9720
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www.kheaa.com

itsmoneybaby.com



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